

IN THE MATTER OF:	*	BEFORE THE MARYLAND
DODD & ASSOCIATES, LTD.	*	COMMISSIONER OF
d/b/a A-1 CREDIT,	*	FINANCIAL REGULATION
JOHN W. DODD,	*	
Respondents.	*	
	*	DFR-EU-2008-251

\* \* \* \* \*

**SUMMARY ORDER TO CEASE AND DESIST AND  
ORDER TO PROUDCE**

WHEREAS, the Maryland Department of Labor, Licensing and Regulation, Office of the Commissioner of Financial Regulation (the "OCFR"), undertook an investigation into the credit services business activities of Dodd & Associates, Ltd., d/b/a A-1 Credit, and John W. Dodd (collectively the "Respondents"); and

WHEREAS, as a result of that investigation, the Commissioner of Financial Regulation (the "Commissioner") finds grounds to allege that Respondents violated the Commercial Law Article ("CL"), Title 14, Subtitle 19, Annotated Code of Maryland (the Maryland Credit Services Businesses Act, hereinafter "MCSBA"), and Financial Institutions Article ("FI"), Title 11, Subtitles 2 and 3, Annotated Code of Maryland; and the Commissioner finds that action under FI §§ 2-114, 2-115, and 11-215(b) is appropriate.

NOW, THEREFORE, the Commissioner has determined, for the reasons set forth below, that Respondents are in violation of Maryland law, and that it is in the public interest that Respondents immediately Cease and Desist from engaging in credit repair and

other credit services business activities with Maryland residents, including but not limited to directly or indirectly offering, contracting to provide, or otherwise engaging in, credit repair services or related activities.

1. FI §§ 2-115(a) and (b) set forth the Commissioner's authority to issue summary cease and desist orders, and to take additional actions for violations of laws, regulations, rules, and orders over which the Commissioner has jurisdiction (in addition to taking any other action permitted by law, and subject to a hearing or waiver of hearing), providing as follows:

(a) *Summary cease and desist orders.*- When the Commissioner determines that a person has engaged in an act or practice constituting a violation of a law, regulation, rule or order over which the Commissioner has jurisdiction, and that immediate action against the person is in the public interest, the Commissioner may in the Commissioner's discretion issue, without a prior hearing, a summary order directing the person to cease and desist from engaging in the activity, provided that the summary cease and desist order gives the person:

(1) Notice of the opportunity for a hearing before the Commissioner to determine whether the summary cease and desist order should be vacated, modified, or entered as final; and

(2) Notice that the summary cease and desist order will be entered as final if the person does not request a hearing within 15 days of receipt of the summary cease and desist order.

(b) *Other authorized actions for violations.*- When the Commissioner determines after notice and a hearing, unless the right to notice and a hearing is waived, that a person has engaged in an act or practice constituting a violation of a law, regulation, rule or order over which the Commissioner has jurisdiction, the Commissioner may in the Commissioner's discretion and in addition to taking any other action authorized by law:

(1) Issue a final cease and desist order against the person;

(2) Suspend or revoke the license of the person;

- (3) Issue a penalty order against the person imposing a civil penalty up to the maximum amount of \$1,000 for a first violation and a maximum amount of \$5,000 for each subsequent violation; or
- (4) Take any combination of the actions specified in this subsection.

2. FI §§ 2-114(a) and (b) set forth the Commissioner's general authority to order the production of information, as well as documents and records, while investigating potential violations of laws, regulations, rules, and orders over which the Commissioner has jurisdiction (which is in addition to the Commissioner's specific investigatory authority set forth in various other Maryland statutes and regulations). Thus, FI § 2-114(a)(2) provides that the Commissioner may "[r]equire ... a person to file a statement in writing, under oath or otherwise as the Commissioner determines, as to all the facts and circumstances concerning the matter to be investigated." Further, pursuant to FI § 2-114(b), "the Commissioner or an officer designated by the Commissioner may," among other things, "take evidence, and require the production of books, papers, correspondence, memoranda, and agreements, or other documents."

3 In the present matter, on or about December 5, 2008, the Division began an investigation into the business activities of Respondents after learning that Respondents were advertising credit repair services to Maryland residents. Pursuant to the Division's subsequent investigation, the Division developed reasonable grounds to believe that Respondents engaged in unlicensed credit services business activities with Maryland residents in violation of various provisions of Maryland Law, including, but not limited to, the MCSBA and FI Title 11, Subtitles 2 and 3. The legal and factual bases for these determinations are described below.

4. Pursuant to CL § 14-1902, “[a] credit services business, its employees, and independent contractors who sell or attempt to sell the services of a credit services business shall not: (1) [r]eceive any money or other valuable consideration from the consumer, unless the credit services business has secured from the Commissioner a license under Title 11, Subtitle 3 of the Financial Institutions Article. . . .”

5. Pursuant to CL § 14-1903(b), “[a] credit services business is required to be licensed under this subtitle and is subject to the licensing, investigatory, enforcement, and penalty provisions of this subtitle and Title 11, Subtitle 3 of the Financial Institutions Article.”

6. Pursuant to FI § 11-302, “[u]nless the person is licensed by the Commissioner, a person may not: . . . (3) [e]ngage in the business of a credit services business as defined under Title 14, Subtitle 19 of the Commercial Law Article.”

7. Pursuant to FI § 11-303, “[a] license under this subtitle shall be applied for and issued in accordance with, and is subject to, the licensing and investigatory provisions of Subtitle 2 of this title, the Maryland Consumer Loan Law – Licensing Provisions.”

8. Title 14, Subtitle 19 of the Commercial Law Article defines credit services business at CL § 14-1901(e); this statute provides, in part, as follows:

- (1) “Credit services business” means any person who, with respect to the extension of credit by others, sells, provides, or performs, or represents that such person can or will sell, provide, or perform, any of the following services in return for the payment of money or other valuable consideration:
  - (i) Improving a consumer's credit record, history, or rating or establishing a new credit file or record;
  - (ii) Obtaining an extension of credit for a consumer; or
  - (iii) Providing advice or assistance to a consumer with regard to either subparagraph (i) or (ii) of this paragraph.

(2) "Credit services business" includes a person who sells or attempts to sell written materials containing information that the person represents will enable a consumer to establish a new credit file or record.

9. CL § 14-1902 further provides, in pertinent part, as follows:

A credit services business, its employees, and independent contractors who sell or attempt to sell the services of a credit services business shall not:

\* \* \*

(6) Charge or receive any money or other valuable consideration prior to full and complete performance of the services that the credit services business has agreed to perform for or on behalf of the consumer;

\* \* \*

10. Further, CL § 14-1903(a) addresses the scope of credit services contracts covered under the Maryland Credit Services Business Act, providing as follows:

(a) *In general.* – Notwithstanding any election of law or designation of situs in any contract, this subtitle applies to any contract for credit services if:

(1) The credit services business offers or agrees to sell, provide, or perform any services to a resident of this State;

(2) A resident of this State accepts or makes the offer in this State to purchase the services of the credit services business;  
or

(3) The credit services business makes any verbal or written solicitation or communication that originates either inside or outside of this State but is received in the State by a resident of this State.

11. Pursuant to CL § 14-1903.1,

A person who advertises a service described in § 14-1901(e)(1) of this subtitle, whether or not a credit services business, shall clearly and conspicuously state in each advertisement the number of:

(1) The license issued under § 14-1903 of this subtitle; or

(2) If not required to be licensed, the exemption provided by the Commissioner.

12. CL § 14-1904(a) provides that, “[b]efore either the execution of a contract or agreement between a consumer and a credit services business or the receipt by the credit services business of any money or other valuable consideration, the credit services business shall provide the consumer with a written information statement containing all of the information required under § 14-1905 of [the MCSBA].” CL § 14-1905(b) further requires a credit services business “to maintain on file for a period of 2 years from the date of the consumer’s acknowledgment a copy of the information statement signed by the consumer acknowledging receipt of the information statement.”

13. CL § 14-1905 indicates the specific terms which must be provided in the information statement, stating, in part, as follows:

(a) *In general.* – The information statement required under § 14-1904 of this subtitle shall include:

\* \* \*

(5) A complete and detailed description of the services to be performed by the credit services business for or on behalf of the consumer, and the total amount the consumer will have to pay for the services.

\* \* \*

(b) *Additional requirements of licenses.* – A credit services business required to obtain a license pursuant to § 14-1902 of this subtitle shall include in the information statement required under § 14-1904 of this subtitle:

(1) A statement of the consumer’s right to file a complaint pursuant to § 14-1911 of this subtitle;

(2) The address of the Commissioner where such complaints should be filed; and

(3) A statement that a bond exists and the consumer’s right to proceed against the bond under the circumstances and in the manner set forth in § 14-1910 of this subtitle.

14. CL § 14-1906 discusses requirements for contracts between credit services businesses and consumers, providing as follows:

(a) *Requirements.*— Every contract between a consumer and a credit services business for the purchase of the services of the credit services business shall be in writing, dated, signed by the consumer, and shall include:

(1) A conspicuous statement in size equal to at least 10-point bold type, in immediate proximity to the space reserved for the signature of the consumer as follows:

"You, the buyer, may cancel this contract at any time prior to midnight of the third business day after the date of the transaction. See the attached notice of cancellation form for an explanation of this right.";

(2) The terms and conditions of payment, including the total of all payments to be made by the consumer, whether to the credit services business or to some other person;

(3) A complete and detailed description of the services to be performed and the results to be achieved by the credit services business for or on behalf of the consumer, including all guarantees and all promises of full or partial refunds and a list of the adverse information appearing on the consumer's credit report that the credit services business expects to have modified and the estimated date by which each modification will occur; and

(4) The principal business address of the credit services business and the name and address of its agent in this State authorized to receive service of process.

(b) *Notice of cancellation form.*— The contract shall be accompanied by a form completed in duplicate, captioned "NOTICE OF CANCELLATION", which shall be attached to the contract and easily detachable, and which shall contain in at least 10-point bold type the following statement:

"NOTICE OF CANCELLATION

You may cancel this contract, without any penalty or obligation, at any time prior to midnight of the third business day after the date the contract is signed.

If you cancel, any payment made by you under this contract will be returned within 10 days following receipt by the seller of your cancellation notice.

\* \* \*

(c) *Copies of completed contract and other documents to be given to consumer.*— A copy of the completed contract and all other documents the credit services business requires the consumer to sign shall be given by the credit services business to the consumer at the time they are signed.

15. CL § 14-1907 provides, in part, as follows:

(a) *Breach of contract.*— Any breach by a credit services business of a contract under this subtitle, or of any obligation arising under it, shall constitute a violation of this subtitle.

(b) *Void contracts.*— Any contract for services from a credit services business that does not comply with the applicable provisions of this subtitle shall be void and unenforceable as contrary to the public policy of this State.

(c) *Waivers.*—

\* \* \*

(2) Any attempt by a credit services business to have a consumer waive rights given by this subtitle shall constitute a violation of this subtitle.

16. CL § 14-1908 provides that, “[a] credit services business is required to obtain a surety bond pursuant to Title 11, Subtitle 3 of the Financial Institutions Article.” Further, CL § 14-1909 provides that, “[t]he surety bond shall be issued by a surety company authorized to do business in this State.”

17. CL § 14-1912 discusses liability for failure to comply with the MCSBA, providing as follows:

(a) *Willful noncompliance.*— Any credit services business which willfully fails to comply with any requirement imposed under this subtitle with respect to any consumer is liable to that consumer in an amount equal to the sum of:

(1) Any actual damages sustained by the consumer as a result of the failure;

(2) A monetary award equal to 3 times the total amount collected from the consumer, as ordered by the Commissioner;

(3) Such amount of punitive damages as the court may allow; and

(4) In the case of any successful action to enforce any liability under this section, the costs of the action together with reasonable attorney's fees as determined by the court.

(b) *Negligent noncompliance.*— Any credit services business which is negligent in failing to comply with any requirement imposed under this subtitle with respect to any consumer is liable to that consumer in an amount equal to the sum of:

(1) Any actual damages sustained by the consumer as a result of the failure; and



(2) In the case of any successful action to enforce any liability under this section, the cost of the action together with reasonable attorney's fees as determined by the court.

18. CL §§ 14-1901(e) provides, in relevant part, that, unless otherwise exempt, persons who, in exchange for payment of money or other valuable consideration from any source, sell, provide, perform, or represent that they will sell, provide or perform, services to improve a consumer's credit record, history, or rating or establishing a new credit file or record (hereinafter "credit repair services") for Maryland consumers, or who provide advice or assistance to Maryland consumers regarding such services, fall under the statutory definition of "credit services businesses," and are thereby subject to the licensing, investigatory, enforcement, and penalty provisions of the MCSBA.

19. OCFR's investigation determined that Respondent John W. Dodd owns and operates Respondent Dodd & Associates, Ltd. at 501 Wynnewood Village Shopping Center, Suite 201, Dallas, Texas 75224. These Respondents advertise, offer, and sell credit repair services on the internet under the name A-1 Credit, including to residents of Maryland, at the following web site: <http://www.a-1credit.com/index.php>.

20. On December 5, 2008, OCFR sent Respondents a letter by certified and first class U.S. Mail which notified Respondents that they were required to be licensed pursuant to the MCSBA in order to advertise or offer credit repair services to Maryland residents, and which requested a copy of Respondents' contract and information statement for Maryland consumers as required under the MCSBA. Respondents signed for the certified letter on December 11, 2008, but failed to respond to OCFR's request. On January 5, 2009, OCFR sent a subpoena to Respondents by certified and first class U.S. Mail, directing them to provide, pursuant to the Commissioner's authority under FI § 2-114 and

the MCSBA, a copy of Respondents' contract and information statement for Maryland consumers, as well as other relevant business documents. Respondents signed for the certified letter on January 10, 2009, but failed to comply with the subpoena.

21. On March 10, 2009, an investigator from OCFR contacted Respondents at the phone number listed on their web site, (214) 941-8222, and asked whether Respondents could provide credit repair services to Maryland residents. The investigator was transferred to Mr. Terry Welker, who replied that Respondents could provide credit repair for Maryland residents, and believing the investigator was a Maryland consumer seeking credit repair services, faxed a copy of Respondents' standard form services contract to the investigator to complete, sign, and return. However, the investigator was not provided with an information statement, the contract did not contain the specific terms required under the MCSBA, and the contract required the consumer to pay, at minimum, \$350 in up-front fees at the time of entering into the agreement.

22. OCFR contacted Respondent John W. Dodd by telephone on April 21, 2009, and stated that the Agency would issue a Summary Order to Cease and Desist to him and his business if he failed to comply with the subpoena. Respondent replied that his attorney was examining the matter, but that he would respond to the subpoena shortly. Neither Respondent nor his counsel ever responded back to OCFR concerning the subpoena.

23. On May 24, 2010, an investigator from OCFR again contacted Respondents at the phone number listed on their web site, (214) 941-8222, and asked whether Respondents could provide credit repair services for Maryland residents. The investigator spoke directly to John W. Dodd, who replied that Respondents operated in all 50 states,

including Maryland. Respondent further offered to e-mail the investigator, who he believed was a Maryland consumer seeking credit repair services, a copy of Respondents' consumer contract so that she could obtain credit repair services from the Respondents.

24. In the present matter, Respondents are subject to the MCSBA, including its prohibition on engaging in credit services business activities with Maryland consumers without first being licensed under the MCSBA pursuant to CL § 14-1902(1), CL §14-1903(b), FI § 11-302, and FI § 11-303. However, at no time relevant to the facts set forth in this Summary Order to Cease and Desist have any of Respondents been licensed by the Commissioner under the MCSBA.

25. By advertising that they could provide credit repair services, and by offering to enter into contractual agreements with Maryland residents to provide such services, Respondents have engaged in credit services business activities without having the requisite license. Respondents' unlicensed activities thus constitute violations of CL § 14-1902(1), CL §14-1903(b), FI § 11-302, and FI § 11-303, thereby subjecting Respondents to the penalty provisions of the MCSBA.

26. Respondents further violated the MCSBA through the following: in their credit repair advertisements, they failed to clearly and conspicuously state their license number under the MCSBA or their exemption, in violation of CL § 14-1903.1; and they failed to obtain the requisite surety bonds, in violation of to CL §§ 14-1908 and 14-1909.

27. Additionally, as evidenced by Respondents' standard form contract, discussed above, all agreements which Respondents entered into with Maryland consumers violated CL § 14-1902(6) of the MCSBA, as credit services businesses are prohibited from collecting up-front fees prior to fully and completely performing all services on behalf of

consumers. Respondents' agreements with Maryland consumers also violated the MCSBA because Respondents failed to provide Maryland consumers with the requisite information statement, in violation of CL §§ 14-1904 and 14-1905, and because Respondents failed to include all of the requisite contractual terms in their agreements, as required under CL § 14-1906.

28. Further, as the contracts between Respondents and consumers failed to comply with the specific requirements imposed by the MCSBA (as discussed above), pursuant to CL § 14-1907(b) all such contracts between Respondents and Maryland consumers are void and unenforceable as against the public policy of State of Maryland.

29. Additionally, Respondents violated FI § 2-114 by failing to comply with the subpoena issued by the Commissioner on January 5, 2009.

**WHEREFORE**, having determined that immediate action is in the public interest, and pursuant to the aforementioned provisions of the Annotated Code of Maryland, it is, by the Maryland Commissioner of Financial Regulation, **HEREBY**

**ORDERED** that Respondents shall immediately **CEASE AND DESIST** from engaging in any credit repair or other credit services business activities with Maryland residents, including but not limited to directly or indirectly offering, contracting to provide, or otherwise engaging in, credit repair services or related activities; it is further

**ORDERED** that Respondents shall immediately **CEASE AND DESIST** from violating the aforementioned statutory provisions of the Annotated Code of Maryland, including, but not limited to, Title 14, Subtitle 19 of the Commercial Law Article (the Maryland Credit Services Businesses Act), and Title 11, Subtitles 2 and 3 of the Financial

Institutions Article; and that Respondents should be assessed statutory monetary penalties and directed to make restitution for such violations; and it is further

**ORDERED** that Respondents shall provide to the Office of the Commissioner each of the following within 15 days of the receipt of this Summary Order to Cease and Desist:

- **The names, addresses, and phone numbers of all Maryland residents and/or consumers** (hereinafter "Maryland residents") who, at any time on or after January 1, 2007, contracted with Respondents for the purpose (in whole or in part) of providing credit repair services for them or on their behalf.
- **Any and all documents under Respondents' control or in their possession** pertaining to Respondents' credit repair services, agreements, and/or activities on or after January 1, 2007 related to the Maryland residents identified above.
- **Copies of all marketing and advertising materials** potentially reaching Maryland residents on or after January 1, 2007 which Respondents, or which third parties marketing directly or indirectly on Respondents' behalf, use or have used to market or advertise Respondents' credit repair services, including, but not limited to, copies of all printed marketing materials, internet advertisements and web sites, and radio and television advertisements.
- **The names, addresses, and phone numbers** of all of Respondents' current and former owners, partners, members, officers, employees, associates, agents, and/or contractors who, on or after January 1, 2007 and during their period of employment or association with Respondents, agreed to provide, provided, or assisted in providing, Maryland residents with credit repair services.

And it is further

**ORDERED** that all provisions of this Summary Order to Cease and Desist, including all Orders and Notices set forth herein, also apply to all unnamed owners, partners, members, officers, and agents of all Respondent business entities named above; and it is further

**ORDERED** that the Resident Agents for all Respondent business entities named above shall provide a copy of this Summary Order to Cease and Desist to all unnamed owners, partners, members, officers, and agents of those Respondent business entities.

FURTHERMORE,

**RESPONDENTS ARE HEREBY NOTIFIED** that, pursuant to FI § 2-115 and CL § 14-1911, Respondents are entitled to a hearing before the Commissioner to determine whether this Summary Order to Cease and Desist should be vacated, modified, or entered as a final Order of the Commissioner; and further,

**RESPONDENTS ARE HEREBY NOTIFIED** that, pursuant to FI § 2-115 and CL § 14-1911, this Summary Order to Cease and Desist will be entered as a final Order of the Commissioner if Respondents do not request a hearing within 15 days of the receipt of this Summary Order to Cease and Desist; and further,

**RESPONDENTS ARE HEREBY NOTIFIED** that, pursuant to Code of Maryland Regulations ("COMAR") § 09.01.02.08, and State Government Article ("SG") §§ 9-1607.1, 10-206.1, and 10-207, and in accordance with SG § 10-207(b)(4), each individual Respondent in this matter is only permitted to request a hearing, and to appear at such hearing, on behalf of himself, or through an attorney authorized to practice law in Maryland at the Respondent's own expense; and further,

**RESPONDENTS ARE HEREBY NOTIFIED** that, pursuant to SG §§ 9-1607.1 and 10-206.1, and in accordance with SG § 10-207(b)(4), business entities are only permitted to request a hearing, and to appear at such hearing, through an attorney authorized to practice law in Maryland at the Respondent's own expense; and further,

**RESPONDENTS ARE HEREBY NOTIFIED** that any and all requests for a hearing in this matter must conform to the requirements stated above, must be made in the form of a signed, written request, and must be submitted to the following address:

Enforcement Unit, Administrator  
Office of the Commissioner of Financial Regulation  
500 North Calvert Street, Suite 402  
Baltimore, Maryland 21202;

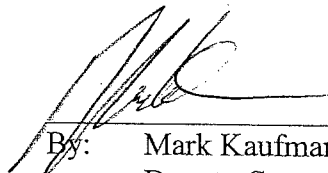
and further,

**RESPONDENTS ARE HEREBY NOTIFIED** that, pursuant to FI § 2-115(b), as a result of a hearing, or of Respondents' failure to correctly request a hearing in the manner described above, the Commissioner may, in the Commissioner's discretion and in addition to taking any other action authorized by law, take the following actions: enter an Order making this Cease and Desist Order final; issue a penalty order against Respondents imposing a civil penalty up to \$1,000 for each violation of the Maryland Credit Services Businesses Act, and up to \$1,000 for each additional violation cited above; issue a penalty order against Respondents imposing a civil penalty up to \$5,000 for each subsequent violation of these laws; or may take any combination of the aforementioned actions against Respondents. The Commissioner may also enter a final order declaring, pursuant to CL § 14-1902 and 14-1907, that all credit repair agreements made by Respondents with Maryland consumers are void and unenforceable, and that Respondents must refund to Maryland consumers all money and other valuable consideration that consumers paid to Respondents, their employees, or independent contractors that is in any way related to these agreements. In addition, pursuant to CL § 14-1912, as a result of Respondents' failure to comply with requirements imposed under the Maryland Credit Services Businesses Act, the Commissioner may also enter an Order requiring Respondents to pay consumers a monetary award equal to any actual damages sustained by the consumers as a

result of that failure, and, in instances of willful noncompliance under the Act, an additional monetary award equal to 3 times the total amount collected from the consumers.

MARYLAND COMMISSIONER OF  
FINANCIAL REGULATION

7/19/10  
Date

  
By: Mark Kaufman  
Deputy Commissioner